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AN ANALYSIS OF THE EFFORT OF  
BUSINESSMEN COOPERATING WITH GOVERNMENT AND  
LABOR IN ALLEVIATING THE CONDITIONS  
OF THE HARD-CORE UNEMPLOYED

by

William Stephens Munster



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## CHAPTER I

### INTRODUCTION

Big business, in the form of large multi-talented and multi-resource corporations, appears as one of the outstanding resources in the United States in the quest for national liberation of the people suffering from some of the problems of urban America. There can be little doubt that most corporate executives are acutely aware of pressure from numerous groups to exercise their social responsibility and assume their fair share of the burden. For many executives the problems must be baffling ones since there is no precedent and no entirely satisfactory rationale on which to base high-risk or non-profit activity.

There seems to be general agreement that big business has contributed to many of the central problems of urban America through its application of technology.<sup>1</sup>

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<sup>1</sup>Edward W. Davis, ed., "Moynihan, Allen, Sviridoff, Sonnabend: A Symposium on Urban Problems", The MBA Magazine, February, 1968, pp. 42-48. (Daniel Moynihan was formerly Director of the Harvard - MIT Joint Center For Urban Studies. Ivan Allen, Jr., is Mayor of Atlanta, Georgia. Mitchell Sviridoff is Ford Foundation's Vice President for National Affairs. Roger P. Sonnabend is President of the Hotel Corporation of America, and serves on the Advisory Councils to the Office of Economic Opportunity and the Job Corps.)



These problems are becoming all too visible in such forms as air pollution, mass transportation leveling millions of acres of public land, and exploding cities into hundreds of straggling suburbs.

Other problems created by big business are not so obvious. However, they can be seen in cities and poverty-stricken rural areas where plants have been moved, or minority groups and untrained and uneducated have suffered under discriminatory employment practices. Adding to the problem is the unanticipated mass media communications. Television flashes coast-to-coast scenes of smoke belching chimneys and jet planes, black people picketing for jobs, and ladies protesting high grocery prices. People are goaded into action.

It will be the purpose of this paper to analyze the social responsibility of big business as it applies to the urban crisis, exclusively with regard to providing jobs for the hard-core of chronically unemployed men and women.

The hypotheses to be tested are as follows:

1. The shortcomings of our urban areas are partially the result of actions, or lack of actions, in the private sector.

In order to reach some valid conclusions we shall examine the population movement from predominantly rural areas to urban centers, to determine what caused such movement. Then, we shall examine the background of the apparent inability of ghetto residents to escape the ghetto environment.



2. The role of big business in meeting urban problems through providing jobs for hard-core unemployed is undefined, and progress to date is sporadic and non-standard. We shall have to examine reports of jobs programs now in progress to determine how programs are developed and whether or not any program guidance is available.
3. The JOBS program of the National Alliance of Businessmen is making progress in reducing hard-core unemployment, but the results are deceiving, and not as significant as envisioned when the alliance was established by President Johnson. In order to reach conclusions regarding this hypothesis we shall examine the JOBS program in some detail. We will look at statistics as well as program concept.
4. Manpower policies and trends influence long range progress in reducing hard-core unemployment. These must be carefully analyzed. We will examine coordination between the retraining effort of the JOBS program and the need for skilled workers to support large scale urban renewal programs. Age trends within the workforce will also be examined.

This paper is predicated upon the proposition that there can be no viable manpower policy or program without the active engagement of the private sector, for it is in this sector that jobs, and with them the necessary training, is the most fundamental and expedient action in attacking the urban problems. A complementary proposition is that the private sector has an important stake in the success of manpower policy and programs. Doctor Seymour Wolfbein, Dean, School of Business



Administration, Temple University, and long time Deputy Assistant Secretary of Labor, estimates that \$20 billion would have been added to personal income in the United States, 2.6 million jobs to the civilian labor force in 1966, if nonwhite had the same income levels and distribution as that of the whites.<sup>2</sup>

In chapter two we shall analyze the current unrest in urban America. Before any long-term, workable solutions to the urban problems can be found one must have a rather thorough background in the rooted causes of the problems. The writings of leaders and experts in the fields of urban affairs and civil reform will be analyzed to try and develop a consensus of opinion on urban problems. Emphasis will focus primarily on hypothesis number one in an attempt to identify the behavior of businessmen that has led to some of our urban problems.

In chapter three we will examine the concept of social responsibility to determine what businessmen can be expected to do in terms of non-profit activity. Corporate health, at present, can only be measured by economic indicators. No standards have yet been developed to tell a company how it measures up to its social responsibility. As the businessman searches for standards of conduct and participation in socially oriented projects he finds no clear relationships for

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<sup>2</sup>Seymour L. Wolfbein, The Emerging Labor Force (Washington, D.C.: Chamber of Commerce of the United States, 1968), p. iii.







systematic analysis of costs and benefits.<sup>3</sup> Standards or no standards, the pressure is on and business must respond. There is an enlightened national interest in every American community, and it is especially powerful in those communities scored by racial unrest. An attempt will be made to prove or disprove the willingness of industry to provide meaningful jobs for untrained workers. Perhaps broad application of the concept of social responsibility can be damaging to the free enterprise system, as proposed by noted economist, Milton Friedman, in his book, Capitalism and Freedom.<sup>4</sup> On the other hand, Henry Ford II, speaking to stockholders of the Ford Motor Company, justified social responsibility in terms of any crisis, whether it be external or internal. Whatever threatens the stability and progress of the country also threatens the progress of the company.<sup>5</sup>

Chapter four will focus on the remaining hypotheses in terms of jobs provided to make useful citizens of existing hard-core unemployed. The National Alliance of Businessmen, established by President Johnson, and aided financially by the United States Department of Labor, is leading the way through a national effort to gain pledges from businessmen

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<sup>3</sup>Davis, "A Symposium on Urban Problems", p. 48.

<sup>4</sup>Milton Friedman, Capitalism and Freedom (Chicago: The University of Chicago Press, 1962), p. 133.

<sup>5</sup>Robert C. Allbrook, "Business Wrestles With Its Social Conscience", Fortune Magazine, August, 1968, p. 89.



to hire the hard-core workers. An analysis of data available from the National Alliance of Businessmen and the Department of Labor reveals several conclusions about the response of businessmen in meeting their social responsibility. Hundreds of feedback reports made available to the author indicate a diversity of feeling by business leaders, despite efforts of NAB to influence uniform thinking about hiring the disadvantaged workers.

Chapter five will reveal certain conclusions that will clarify to a degree this perplexing position the American businessman finds himself in today regarding the responsibilities society seems to impose upon him.



## CHAPTER II

### THE URBAN CRISIS

Urban areas are the site of most of the Nation's employment and industrial activity and nearly three-fourths of the population. In these areas of affluence and economic progress are some of the most critical problems of unemployment, poverty, and social and physical decay. Disparities in employment and income, along with other social factors among different groups within the urban population are serious problems.<sup>1</sup>

Before attempting to analyze the responsibility of big business in providing jobs to help the disadvantaged of America, we must examine the background and root causes of the existing urban ills.

America's urban crisis is a national complex of social problems, rather than simple problems of individual communities.<sup>2</sup> The northern and western cities are suffering from the migration of southern minority groups.<sup>3</sup> The two major

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<sup>1</sup>U.S., Department of Labor, Geographic Factors in Employment and Manpower Development (Washington, D.C.: Government Printing Office, 1968), p. 129.

<sup>2</sup>Report of the President's Committee on Urban Housing, Edgar H. Kaiser, chairman (Washington, D.C.: Government Printing Office, 1968), p. 2.

<sup>3</sup>Roger Beardwood, "The Southern Roots of Urban Crisis", Fortune Magazine, August, 1968, p. 82-156.



migratory forces are the sweeping mechanization of farming, coupled with social ills and delinquencies such as color bars in private, state and local government employment, substandard education, and public welfare.<sup>4</sup>

There can be little doubt that discrimination has been and still is a factor in retarding the employment and promotion of Negroes. Witnesses before the Joint Economic Committee emphasized that discrimination in the labor market is an extremely important element in the problem of unused manpower:

The most significant factor determining unused manpower among Negroes is racial discrimination. The fact is that most Negroes, particularly young workers, have more education than they need for the jobs they can get.

Among full-time participants in the labor market, the typical Negro worker earns only about half the amount of the typical white worker. For comparable years of schooling, the Negro worker earns far less than his white counterpart. Thus, available statistics indicate that the economic returns to Negroes from investments in education are relatively lower than white persons and the decision to drop out of school is comprehensible from an economic standpoint at present.<sup>5</sup>

If discrimination could somehow be instantly and completely eradicated, lack of appropriate education previously mentioned would still handicap the Negro in competition for jobs. Thus, economically and historically, the Negroes who

<sup>4</sup>"Geographic Factors in Employment and Manpower Development", pp. 135-136.

<sup>5</sup>U.S., Congress, Senate, Joint Economic Committee, Employment and Manpower Problems in the Cities: Implications of the Report of the National Advisory Commission on Civil Disorders, S. Rept. 1568, 90th Cong, 2nd sess., 1968 (Washington, D.C.: Government Printing Office, 1968), pp. 11-12.





have left the South to go North and West take with them a history of slavery, discrimination, and a lack of education.

By Labor Department standards, approximately eighty per cent of the disadvantaged workers of America are Negro.<sup>6</sup>

#### MODERN TECHNOLOGY

At the end of the Civil War the Negro slaves were declared legally free. At that time over ninety per cent of the entire Negro population was highly concentrated in the South and, while free, they were economically dependent upon a war-ravaged plantation economy.<sup>7</sup>

The Freedman's Bureau developed as the Marshall Plan of the Civil War. The intent of the Freedman's Bureau was "forty acres and a mule" to each man. Five years of operation with a minimum of funds served chiefly to supply a seed-bed for educating the erstwhile slaves through the establishment of over 4,000 public schools and a few vocational institutes, and colleges. These war-torn plantation areas of the South, where over ninety per cent of the Negro population lived until as late as 1910, made it difficult for white and Negro alike to earn a living. Despite establishment of schools, education

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<sup>6</sup>U.S. Congress, House, Committee on Education and Labor. To Extend Certain Expiring Provisions Under the Manpower Development and Training Act of 1962, as amended. Hearings, before the select subcommittee on Education and Labor, House of Representatives, on H.R. 15054, 90th Cong., 2nd sess., 1968, p. 47.

Charles F. Marden, and Gladys Meyer, Minorities in American Society (New York: American Book Company, 1968), p. 222.



was neglected because of the necessity to expend total energy in satisfying the physiological needs.<sup>8</sup>

The agricultural economy of the South immediately after the Civil War required cheap labor in large numbers, with the immediate effort being to return the Negroes to the plantations at subsistence wages. Furthermore, the market for cotton and other farm products was large and, therefore, caused exploitation of the soil. This exploitation coupled with subsistence wages formed a cycle of reciprocal forces which operated to retard the economic development of the large plantation regions. The marginal income of the workers served to reduce their buying power and thus reduced the demand for goods, which would have favored the development of industrial enterprise. An economy of that nature could not provide the capital needed for industrial development and, therefore, it had to look outside the region for help, thus draining off more gains. Ironically, the cheap labor rates of the South were used to seek capital for industrial development, which still further aggravated the low standard of living, extending it to a wider segment of the white population.<sup>9</sup>

Agricultural policy in its three broad concepts of legislative action, cooperatives for small farmers, and

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<sup>8</sup>U.S., United States Information Agency, Employment and Earnings, Vol. VI. The Negro American (Washington, D.C.: Government Printing Office, 1963), pp. 2-3.

<sup>9</sup>Marden, and Meyer, Minorities in American Society, p. 262.



equality for agricultural income has, through emphasis on technology, added to the forces that have driven the rural workers to urban areas. All the farm programs have essentially forced the farmers to join together with modern machines to produce as much as possible, or receive payment for taking land out of production in order to control output. Parity prices have been established to protect the farm owner, while nothing has been done to protect his displaced workers. Both small farm owners, and workers have been forced off the farms.<sup>10</sup>

The machinery of cottonfields, tobacco lands, and corn and wheat fields that has steadily replaced thousands of hired hands and sharecroppers has given them a choice between two basic alternatives. First, they can take a reduction in income and compete with large farmers, or they can shift to more profitable crops. The first alternative is unacceptable to most men, and the second alternative takes money and knowledge.<sup>11</sup>

Unfortunately for the Negro, the small white farmer has had the social advantage of being able to move to small southern communities for the few available jobs, while the Negro has been forced to big cities. The census of 1960 revealed that ninety-five per cent of the total Negro population (18.8 million persons) lived in cities, with over

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<sup>10</sup>Beardwood, "The Southern Roots of Urban Crisis", pp. 80-156.

<sup>11</sup>Ibid., pp. 80-81.



3.5 million concentrated in the urban areas of New York, Chicago, Philadelphia, Detroit, and Washington, D.C.<sup>12</sup>

### THE INNER CITY

The long time urban ghetto residents who have come of age to make their own way in society, as well as those migrants newly arrived from rural areas, receive a disrespectful welcome. For the new arrivals, they are often faced with an unemployment or underemployment rate much higher than that in the area from which they arrived. The ghetto youth is soon to become aware that leaving the inner city is difficult, to say the least. Slums, of course, have always been a fact of life. The rural and immigrant poor moved in, found jobs in unskilled and semi-skilled fields, and then moved up the economic ladder. The situation in 1969 is a bit different. The Department of Labor estimates that slightly less than two million Negroes left the South during the period 1950 to 1960, and that rate is slightly higher today. The wholesale movement of whites from the central cities to the outlying suburbs is, in part, caused by the desire to escape this increasing concentration of Negroes. The white movement also reflects a preference for the residential communities, with their superior school system and other attractions of suburban life.<sup>13</sup>

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<sup>12</sup>E. Karl, and Alma F. Tauber, "The Negro Population in the United States", in The Negro Reference Book, ed. by John F. Davis (Englewood Cliffs, N. J.: Prentice-Hall, 1966), p. 111.

<sup>13</sup>U.S. Department of Labor, Geographic Factors, p. 146.







Since the majority of the ghetto residents are Negroes we must look at some of the barriers he faces in his effort to escape from his economic prison. The major barrier is, of course, money. The income gap can be shown by the following statistics: In March 1966 (latest data available) families headed by a white person had an average income of \$7,722. During that same year nonwhite families had an average income of \$4,628. A Bureau of Labor Statistics study released in 1967 showed the cost of living for a family of four in New York City to be \$10,195.<sup>14</sup> In 1967, some thirty million Americans lived in poverty (family incomes under \$3,130) with approximately the same number living in deprivation (incomes ranging from \$3,130 to \$5,000). Roughly half of each group is clustered in the city slums.<sup>15</sup>

A study by McGraw-Hill Publications revealed four basic barriers outside the control of the individual which make it difficult to leave.<sup>16</sup> They can be summarized as follows:

1. Although residential zoning laws in the suburbs legally do not discriminate against low income residents by prohibiting the sale of lots, and thus homes, to low income families, de facto segregation

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<sup>14</sup>United States Chamber of Commerce. Proceedings of the National Workshop on Manpower and Consumer Potentials (Washington, D.C., 1968), p. 122.

<sup>15</sup>McGraw-Hill Publications, A McGraw-Hill Special Report on Business and the Urban Crisis (New York: McGraw-Hill, Inc., 1968), p.4.

<sup>16</sup>Ibid., p.4.



is widely practiced. Additionally, commercial zoning laws keep out blue collar industry that could provide jobs for people now confined to the city.

2. The inequality in distribution of welfare payments often hinders the situation more than it helps. States and cities with even the most liberal benefits fail to meet federal minimum-income levels. Also, welfare practices in some areas have a negative impact on the ghetto resident's incentive to find a job and hold his family together. When the family breadwinner gets a job, the amount he earns is deducted from his family's welfare payments. In effect, he is taxed one hundred per cent on his earnings. His choice: Quit the job or abandon his family.
3. In state legislatures and Congress, there has always been an understandable rivalry between representatives of the cities and the rural areas. Now, rural spokesmen have a potent new ally in the representatives of the burgeoning suburbs. This new coalition reinforces suburban zoning and limits the ability of urban based legislators to sell programs aimed at solving the cities' problems.
4. The inequitable tax rules of the cities does not provide the necessary financial base to support problem solving programs. The major source of funds is property taxation, which is generally found



inequitable in that it places the largest burden on business and the smallest on slum-housing owners. Not surprisingly, many companies flee the city, thus loading a bigger burden on those who stay, giving the city greater problems, and making it less and less likely that ghetto problems will be solved with local money.

The above described barriers are easily understood and can be localized for corrective action where possible. However, suburbanites have taken a stand against intrusion and they are not likely to step backward. The solution seems to be partly in making the ghetto residents self-sufficient or self-confident enough to move out of the blighted areas and be economically able to meet suburban standards. This is not to say that he should immediately be able to become a homeowner. However, suburban apartment developments should not be out of reach.

Representative Thomas B. Curtis of Missouri brings us to a highest order internal problem facing the ghetto resident. He interprets the basic internal problem of Negro immobility in terms of job training and economic skills, rather than exclusively a race or color problem.

A good amount of credit must be given to the basic economics of a society which has shifted in a relatively short period from a predominantly agricultural society to a highly industrial society, with the resulting population shifts. The more rapid this movement the more aggravated the problems of social and economic adjustment become. The increased rate of crime among former rural people has long been observed. It is simply a matter of



the closer people live to each other the more their daily actions have an effect on each other. This increased contact brings increased friction and unrest.<sup>17</sup>

Representative Curtis further sees the ghetto adjustment problem as one of adjustment to a different style of living.

Part of the problem of adjustment comes from shifting from an economy which has much of barter about it to an economy which is almost entirely a money economy. Where the money economy cuts off in urban areas a State-organized welfare economy takes over in place of an informal community welfare economy.

Part of the problem of adjustment comes from the traditional lower, as well as different, educational standards and standards of skills in the rural communities from those of the urban communities.

He emphasized the most important area of education and instruction for the urban Negro is that of job training and vocational education in order to enhance their own opportunities for increased mobility.<sup>18</sup>

In his final essay, published recently in Playboy magazine, Martin Luther King, Jr. warned that the Negro of today cannot escape from his ghetto as did foreign immigrants who started in ghettos fifty years ago. He identified one road of escape as being a more equitable

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<sup>17</sup>U.S., Congress, Joint Economic Committee, Representative Thomas B. Curtis, "Toward a Better Understanding of Urban America", in Urban America: Goals and Problems, Materials compiled and prepared for the subcommittee on Urban Affairs of the Joint Economic Committee, Congress of the United States (Washington, D.C.: Government Printing Office, 1967), pp. 231-232.

<sup>18</sup>Ibid., p. 232.







sharing of political power between Negroes and whites. To the Negro, integration is meaningless without a sharing of power and responsibility. Dr. King saw eventual achievement of this true integration, but after more difficulty than was encountered by Irish, Italian, Jewish and Polish immigrants. He proved the color barrier by alluding to the nature of the American economy in the late nineteenth and twentieth centuries which made it possible for the foreign immigrants to fill jobs requiring unskilled manual labor. Jobs were available for willing workers, even those with the educational and language barriers.<sup>19</sup>

Haynes Johnson, city editor of the Washington Star, cautions against the one step solution to urban problems by simply opening the suburbs to inner city residents. Some kind of control has to be worked out to achieve a desired balance. If middle and upper income Negroes move out, leaving behind only the destitute, no problems will be solved. Through numerous interviews he shows that many Negroes feel embarrassed and socially damaged by having the public mind stamped with the image of Negroes on relief, in jail, and cheating on welfare funds. Negro leaders wonder what percentage of the large Negro population is in this category. In Washington, D C. the master urban renewal plan includes heavy emphasis on encouraging whites to move

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<sup>19</sup>Martin Luther King, Jr., "A Testament of Hope", Playboy Magazine, January, 1969, p. 231.



back to the city. The lure is convenience, and the advantage of avoiding the nuisances of suburban living in terms of traffic problems, taxes, and higher prices. The effects of the program can readily be seen in the Foggy Bottom section of Washington where sprawling luxury apartment complexes have been developed and are occupied by larger numbers of whites.<sup>20</sup>

### PROMISES AND PROGRESS

The area of jobs is but one area in which effort must be concentrated in any effort to solve urban problems. Along with jobs, attention must be focused on housing, education, and welfare programs. Martin Luther King, Jr. was highly critical of progress to date.

White America would have liked to believe that in the past ten years a mechanism had somehow been created that needed only orderly and smooth tending for the painless accomplishment of change. Yet this is precisely what has not been achieved. Every civil rights law is still substantially more dishonored than honored. School desegregation is still 90 per cent unimplemented across the land; the free exercise of the franchise is the exception rather than the rule in the South; open-occupancy laws theoretically apply to population centers embracing tens of millions, but grim ghettos contradict the fine language of the legislation. Despite the mandates of law, equal employment still remains a distant dream.<sup>21</sup>

To compound the probable truths expressed by Martin Luther King, Jr., we are in an agonizing national crisis

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<sup>20</sup>Haynes Johnson, Dusk at the Mountain (Garden City, N.Y.: Doubleday and Company, 1963), pp. 251-253.

<sup>21</sup>Martin Luther King, Jr., Where Do We Go From Here: Chaos or Community? (New York: Harper and Row, 1967), p. 10.



because a complex of other social problems has intersected in an explosive mixture. The black surge toward freedom has raised justifiable demands for urban progress in our cities at the same time all the problems of city life have erupted. Crowded schools, transportation problems, traffic problems, and increased crime would likely have been municipal problems whether or not Negroes lived in cities. The unique problem is one of arrangement of an order of priorities in attacking the problems.

Many big city mayors argue that the place to start attacking urban ills is in the area of human relations, especially in the area of community-police relations. This is a sensitive problem that, until recently, has rarely been adequately emphasized. Disadvantaged people are resentful of many things such as their house, their clothes, or the job they may or may not have. But most of all they are resentful of the white man. The agent of the white man, the symbol of force and authority, is the policeman.<sup>22</sup>

#### BUSINESS AS USUAL

Why should business become interested in the urban crisis? Three obvious reasons are identified by the McGraw-Hill Special Report on Business and the urban crisis.

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<sup>22</sup> "Answers to Urban Crisis: Survey of Mayors on Ills and Remedies", Nation's Business, February, 1969, p. 41. Also, see Martin Luther King, Jr., "A Testament of Hope", p. 231., and Sol Chaneles, Ph.D., Director, Urban Studies Division, Simulmatics Corporation, speaking before the workshop on Urban Poor: Manpower and Consumer Potentials, March 26-27, 1968. U.S. Chamber of Commerce. Proceedings of the National Workshop on the Urban Poor, 1961, p. 30.





First, success in relieving urban tension has not, as currently applied been successful to a measurable degree. Martin Luther King, Jr. had called previously tried government programs a failure. Labor unions have made token progress.

Admittedly, the riots of the past few years are not revolutionary since they involve only a small segment of the population. The significance of the riots has been to focus attention on the resentment felt by Negroes, now comprising over ten per cent of the population.<sup>23</sup>

Frustration often explodes in rioting just when conditions are improving. Reason: Deprived people feel most frustrated when their hopes and expectations have been raised but not completely satisfied. Detroit was a case in point. Its poverty programs were held up as models. Its mayor and police chief were sympathetic to Negroes. Detroit, in short, seemed well on its way to avoiding racial outbreaks. Yet Detroit was wracked by 1967's worst riot.<sup>24</sup>

A second reason for business participation is a purely economic one. Slums cost money and they are paid for in large measure out of taxes paid by businesses. As pointed out earlier, urban problems cause flight by those most capable of paying taxes, and supporting enterprise. When the tax base is reduced and retail trade slumps business can only lose.

New York City's annual slum bill is \$3.2 billion. Welfare alone costs \$1.5 billion in federal and state funds, plus \$500 million raised by the city. To that, add a \$1.7 billion subsidy in the taxes the slums don't pay, the extra fire and police protection they require, and the social and health problems they create.

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<sup>23</sup>McGraw-Hill Special Report, p. 3.

<sup>24</sup>Ibid.





Even that huge outlay isn't doing the job. New York is simply an advanced case of what many other cities could experience in less than a decade.<sup>25</sup>

Third, for business to ignore the urban crisis is to overlook a big potential market. The very process of improving the urban areas creates a huge market for many industries. For example:

Between now and the year 2000, the city ghettos will need some 10 million new dwelling units. No matter who builds these units - private operators or public authorities - they will add up to \$200 billion in today's dollars in new businesses for developers, contractors, and building-product manufacturers.<sup>26</sup>

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<sup>25</sup>Ibid.

<sup>26</sup>Ibid.



## CHAPTER III

### SOCIAL RESPONSIBILITY OF BUSINESSMEN

To the outsider, private enterprise seems to be the panacea for urban ills. Management skill and industrial technology can be mobilized without the red-tape and delays of federal programs. Additionally, action by the private sector seems financially easier. But what about the businessman? The numerous definitions of his responsibility amount to the obligation to earn some form of profit of the highest order for the stockholders. As a group, stockholders are likely to be disturbed when management spends money on projects which do not appear immediately profitable. Investor appeal and satisfaction is a primary responsibility of the businessman, consequently he must be thoroughly convinced that hiring and training the hard-core unemployed is a profitable venture.

John Harper, President of the Aluminum Company of America had comments representative of many business leaders. He was quoted as follows:

It's going to take money to train the hard-core unemployed, but any time we can turn people into producers, they'll become customers too. That increases the market and therefore it is profitable.<sup>1</sup>

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<sup>1</sup>Robert C. Allbrook, "Business Wrestles With Its Social Conscience", Fortune Magazine, August, 1968, p. 89.



Milton Friedman is a bit more cautious in his appraisal of corporate social responsibility.

The view has been gaining widespread acceptance that corporate officials have a "social responsibility" that goes beyond serving the interest of their stockholders. This view shows a fundamental misconception of the character and nature of a free economy. Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?<sup>2</sup>

A search of available literature revealed that Professor Friedman, although expressing a view not widely held today, is typical of writers in the field in that he uses the term social responsibility without identifying the concept to which it is applied. The term has achieved such currency in its usage that, by now, there seems to be a rather common belief that we all know what we mean when we use the term.

Professor Benjamin Selekman, while not clearing the social responsibility concept, has defined the issue in a somewhat more confined manner:

Finally, rare indeed is the businessman who does not find himself frequently in situations of moral conflict. How and where is he to draw the line between social responsibility and self-interest? . . . For it is not, as in the scientist's world, his technical peers, but the owners' and their

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<sup>2</sup>Milton Friedman, Capitalism and Freedom (Chicago: The University of Chicago Press, 1962), p. 133.



representatives who, threatened with possible losses, render judgment upon the executive and his method of operation - not indeed always in terms of objective facts and moral values but rather in terms of self-interest.

Thus it remains unreal and impractical to expect a corporation to operate with equal proficiency as a technical tool mobilizing economic power to produce goods and services and as a social institution with human beings depending upon it both inside and outside its gates. If power is a necessity to maintain and increase our standard of living, management's first responsibility must always be to maintain the enterprise in good economic health; that is to say, its power must be kept at the highest level of efficiency.

Here is the heart of the moral dilemma confronting the businessman. He is immersed, day in, day out, in issues raising the technical 'must' against the ethical 'ought'. The conflict is sharpened for him by the fact that his own self-interest may be involved in the decision he makes.<sup>3</sup>

Andrew Hacker of Cornell University, in his article, "Do Corporations Have a Social Duty?" expressed his interpretation of corporate social responsibility this way:

If corporations ought to be doing things they are not now doing . . . such as hiring Negroes on an equal basis with whites . . . then it's up to government to tell them to do so. The only responsibility of corporations is to make profits, thus contributing to a prosperous economic system.<sup>4</sup>

Socialist Michael Harrington expresses his ideas as follows:

In short, even the most good-hearted social industrialism will aggravate rather than resolve the urban crisis. It is precisely the de facto

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<sup>3</sup>Benjamin Selekman and Sylvia Selekman, Power and Morality in a Business Society (New York: McGraw-Hill, 1956), pp. 64-65, 179.

<sup>4</sup>Hazel Henderson, "Should Business Tackle Society's Problems?" Harvard Business Review, July-August, 1968, p. 80.





planning authority that has been conferred on commercial interests which has brought us to our present plight. Business cannot play the dominant role in the attempt to rescue the cities from the mess which business methods and priorities have created. And it is impossible to get around this embarrassing fact by talking about rehabilitation. There is simply no substitute for a creative exercise of the social imagination and massive public investment.<sup>5</sup>

As can be seen from the ideas expressed above, uncertainty about business social responsibility exists in the thinking of both business leaders and academicians. A further analysis of the social responsibility concept is in order.

#### SEMANTICS

In describing what the businessman should or should not do in terms of his social responsibility one can hear used in the same context such terms as public interest, social interest, or public responsibility. In order to engage in a discourse on social responsibility a common understanding of the meaning of the terms is essential.

Review of the writings and statements of persons representing different sectors of society reveals some confusion in discussing social responsibility.

Writers in the field of social science think of social responsibility in terms of a decent society, free of discrimination;<sup>6</sup> men of government view the concept in

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<sup>5</sup>Michael Harrington, Toward A Democratic Left (New York: The Macmillan Company, 1968), p. 106.

<sup>6</sup>Marden, Minorities in American Society, pp. 462-463.



terms of government regulations and programs;<sup>7</sup> the unions and employees want a higher standard of living through direct assistance.<sup>8</sup> Thus we begin to see the varied concepts of social responsibility which confront the businessman.

### SOCIAL CONCEPT

The social concept is not difficult to understand. Dictionary definitions are numerous, however, they generally connote any number of people from a group of two, to a total population. Therefore, we can refer to society as being, for example, everyone in the United States. Society and public then become the same - a few of the population, or all of the people. The term social also connotes the existence of relationships among people. The confrontation of one person by another, or the mutual confrontation of several people within a group, involve the development of relationships. For example, racial discrimination is a relationship which is dysfunctional to society.

Our definition of social, then, is that it includes a set of relationships among any number of people more than one.

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<sup>7</sup>Stanley H. Ruttenberg, "Ghetto Problem is Internal Cancer", Employment Service Review, September, 1968, pp. 4-5. (Mr. Ruttenberg is a former Assistant Secretary of Labor.)

<sup>8</sup>National Association of Manufacturers, "Effectively Employing The Hard-Core", New York, 1968, p. 10.



## RESPONSIBILITY

Most dictionary definitions of the word responsibility include obligation to a person or thing. This is not of much help for our purposes. Perhaps responsibility can be clarified when taken in terms of duty. Responsibility presupposes duty, which is a common validation for a decision regarding whether something ought or ought not to exist. Managers are almost constantly making such decisions, and thus, "it is my duty" becomes, for many, a satisfactory validation for undertaking a course of action. The concept of duty normally does not arise when undertaking an activity for purely personal interest. Duty is present when an activity is undertaken with the realization that motivation for the activity was that it was expected of him by others.

## SOCIAL RESPONSIBILITY AND CAPITALISM

Now that we have defined the term social responsibility we must formulate the concept. The concept is not so easy to understand as is the concept of organizational responsibility or covenant responsibility. The latter are based upon a formalized arrangement. No formal definition of social responsibility can be universally agreed to. It is in the existence and conduct of the relationships among the members of society that social responsibility finds its essential application. There is a duty incumbent upon each member of society to do that which society expects him to



do, but when one fails to do this there is frequently no redress of society. If all businessmen except one in an urban area support a massive rehabilitation campaign it is likely that the non-participating businessman will reap as many benefits as the participants. Only informal sanctions can be applied to the offender.

The United States has a capitalistic economic system whose institutions are generally held to be private property, freedom of exchange, and freedom of enterprise. In fact, these freedoms are essential to a capitalistic system in which freedom is the privilege accorded by society to engage in activity at one's discretion. Freedom of enterprise, then, is the privilege accorded by society to engage in any legal business activity. When one wishes to exercise his rights accorded by a capitalistic system he need only validate his decision in terms of his own private objectives, needs, or duty. This is compatible with the exercise of institutional capitalism.

Here a paradox appears. More often, society is insisting that the businessman validate his decisions against another set of criteria. This new set of criteria are those arising external to private objectives.<sup>9</sup>

The businessman is confronted with a double standard ethically. By definition we provide him with economic

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<sup>9</sup>McGraw-Hill Publications, A McGraw-Hill Special Report on Business and Government: A New Balance of Power (New York: McGraw-Hill, Inc., 1965), p. 11.







freedom and yet insist that he conduct his enterprise in a manner to accomodate social objectives imposed by law or informal sanction. If he does not accept at least this minimal responsibility, some form of governmental regulation will take care of the situation.<sup>10</sup>

A glance at any business magazine or trade journal will relate the above concept to reality, and one will become immediately aware that businessmen do indeed exhibit a keen sensitivity for the expectations of society when planning their activities. The problem, however, has three sub-parts. First, where does business start; second, how much should be spent; third, who will coordinate programs and provide management expertise. Precise answers to these questions do not now exist.<sup>11</sup>

#### CHARACTERISTICS OF THE MANPOWER PROBLEM

Those who favor full business participation in hiring the disadvantaged must themselves be aware of the characteristics of the manpower market within which they are expected to exercise their social responsibility. Below are discussed some of the special characteristics mentioned by Doctor

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<sup>10</sup>Robert W. Austin, "Responsibility for Social Change", Harvard Business Review, July-August, 1965, p. 52.

<sup>11</sup>U.S., Congress, Joint Economic Committee, Robert B. Choate, "Responsibilities of the Private Sector", in Urban America: Goals and Problems, materials compiled and prepared for the subcommittee on Urban Affairs of the Joint Economic Committee, Congress of the United States (Washington, D.C.: Government Printing Office, 1967) p. 293.



Seymour Wolfbein <sup>12</sup>

1. The unemployment rate in the urban slum is about triple that of the national average. The unemployment rate for nonwhite teenage girls of working age is forty-six per cent. This represents the largest category with which the businessman will deal.
2. Unemployment counts are suspect on the low side in many neighborhoods since a substantial percentage of the Negro population cannot be located and accurately counted. Government studies conclude that unemployment rates may be as high as thirty-five per cent in many urban areas.
3. Nearly two-fifths of all households in slum areas had a woman as head of the household. This figure is twice the national average.
4. Sixteen per cent of the families living in slums had six or more members dependent upon the head of the household. This is twice the national average.
5. Workers hired out of ghettos are beset with large educational deficiencies. In Phoenix, Arizona, three out of every five Mexican-Americans have not gone beyond the eighth grade; in San Antonio, Texas, twenty per cent of the Mexican-American unemployed have four years or less of school. As of November, 1966, there was no senior high school in central Harlem, a district with twenty elementary and four junior high schools.

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<sup>12</sup>Wolfbein, The Emerging Labor Force, pp. 20-21.



6. The large majority of slum residents will not have necessary training called for by current job openings.

7. The low aspiration and motivation levels of slum residents is well documented, and hinders their success in seeking work. Employment services are meager, transportation to plants of opportunity is hard to get and expensive, and more and more jobs are moving away from not only the slum, but the central city altogether.

8. A pattern of behavior clearly emerging is that a significant number of slum residents will not take low paying jobs in low status fields, but will stay on welfare or work as odd jobs become available. These workers will, however, accept a relatively low level of pay in white collar jobs or blue collar jobs which offer status and some prospect of promotion.

9. Many ghetto residents will have criminal records or financial problems involving bad debts. The rehabilitation of the youthful offender is a particularly pressing problem.

Businessmen engaged in a social program of hiring the disadvantaged can expect some of the above problems. Many employers will have all of the problems described above. Now, we see that society is not only expecting that the businessman hire a slum resident, but we are asking him to take on problems of a frustrating and sometimes costly nature.

#### PREFERENTIAL TREATMENT

In developing employment policies as an equal opportunity employer the businessman must carefully consider





the positive and negative impact of preferential treatment in hiring the disadvantaged. Certainly one could generally deny that every job should go to the person best qualified, or best qualified to be trained to perform it. That rule is best in the interests of the employee, and those he will serve. While many types of aptitude tests will theoretically choose the best qualified pilot among many applicants, the best may have been chosen because of his knowledge of Shakespeare or because of his consistency in some area irrelevant to flying an airplane. In rivalry for jobs most ghetto residents suffer from the restrictions of their disadvantaged home. Their environment is generally such that they will not possess that body of general information necessary for them to score high in several areas of testing which will lead to high total scores on placement tests. Similarly, test of motivational strength are also inappropriate when dealing with the disadvantaged because of the lack of motivational incentives in their environment.<sup>13</sup>

A hiring quota for various economic groups is not the answer because this would also be unfair to prospective employees, and those who benefit from the product or service. One would hesitate to fly with a Negro pilot who was hired based on a quota system. When a choice exists between absolutely equal qualified persons, one being disadvantaged, prudent social responsibility would dictate hiring the

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<sup>13</sup>Oscar Handlin, Fire-Bell in the Night: The Crisis in Civil Rights (Boston: Little, Brown and Company, 1964), pp. 102.





disadvantaged. Morally, such a preference would be just because it would recognize the greater difficulties surmounted by the disadvantaged person.

The vast majority of hiring and admittance situations are [a matter of choice among equally qualified persons]; few demand unique qualifications. It is not too much therefore to call for a reversal of attitudes among personnel and admissions officers that would waive standards irrelevant to the job, that would look for as much but not more merit in the Negro as in the white and that would seek out and solicit rather than discourage applications from the underprivileged . . . More preference than this is unjust and, in actuality, unnecessary, for the [disadvantaged] under equal conditions, is capable of holding his own and has no claim to other concessions if he is not.<sup>14</sup>

#### A PLAN FOR ACTION

The private sector of our economy is built around two distinct concepts: Those groups operating to make a profit and those operating on a non-profit basis. The first type represents the greatest economic force on the urban scene. As pointed out earlier, we give them great credit for making us the most advanced nation in the world, and at the same time we blame them for many of our continuing urban problems. The impact of their faults has been reduced to a small degree by non-profit corporations. Recognizing obvious attributes, we are faced with the persistent question of how to involve the power, managerial skills, and resources of the profitmaking sector in attempting to solve the urban crisis.

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<sup>14</sup>Ibid.: pp 102-103.



The problem of jobs for hard-core unemployed is a difficult one to analyze since we are dealing with the unpredictable nature of human beings. Problems such as air pollution and traffic problems are more of a mechanical nature and can be more precisely defined. The businessman may decide to avoid the social problem by contributing to a non-profit organization on the theory that the function of such organizations is the improvement of social conditions. This type of participation has the added advantage that it does not affect the operations of the company; numerous non-economic considerations need not be made.<sup>15</sup> Few businessmen seem to favor such a program.

The idea of a major attack on urban problems through modern technology in terms of a data processing approach seems to be gaining acceptance. The United States Department of Labor, through its field offices throughout the country is attempting such an attack on a limited scale. At this time the program is primarily one of data collection and classification which enables labor officials immediately to determine levels of unemployment in various areas of the country. A review by this writer of the data classification effort currently in progress revealed that while large amounts of data are coded it is of little use other than for historical information.<sup>16</sup>

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<sup>15</sup>Robert Allbrook, "Business Wrestles With Its Social Conscience", p. 89.

<sup>16</sup>Interview with Mr. William J. Harris, Deputy Assistant Secretary of Labor for Manpower Administration, U.S. Department of Labor, Washington, D.C., 10 January 1969.



Mr. Harris also revealed that this information was not given to businessmen in, for example, high unemployment areas where it may be of value to a businessman in determining his social responsibility. In fact, none of the information developed in connection with this extensive program was made directly available to the public, or to businessmen.<sup>17</sup> One would think that businessmen could be effective users of such information in directing their effort to seeking some form of profit in urban service, thereby filling a social vacuum into which the government would otherwise move if no progress were taking place. As we have seen, business and industry are now challenged to take the initiative in suggesting urban remedies and in helping to implement them, perhaps relying on governmental assistance. There is no question that urban ills will be served either by the risks of the private sector or the taxes of the public sector.

Robert B. Choate, Program Associate, National Institute of Public Affairs advocates a concept of 'social indicators' which can complement a corporation's economic indicators of health.<sup>18</sup>

Choate's idea is that social indicators could be applied on a community, county, State, or regional basis,

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<sup>17</sup>Ibid.

<sup>18</sup>Material prepared for the Joint Economic Committee, Choate, "Responsibilities of the Private Sector, p. 292.



where they can point to the needed priorities for overcoming social shortages. He recognizes that social indicators would have little significance for the first few years because there would be no base against which to measure progress, however, this would not negate the program since the value of the program in the beginning would be to point to the most fruitful areas of attack. A measuring device might be developed which weighed per capita income, monthly payroll volumes, housing starts, auto purchases, and gross wholesale food sales with welfare payments, unemployment compensation, housing closures, Salvation Army expenditures, and agricultural subsidies. Indicators could be adjusted as necessary for seasons or other situational factors. After several years of observing comparative data, bases could be established which would arouse greater private and public interest in the adversely affected areas. This type of factual information would allow intelligent business planning without depending on the positive-slanted chamber of commerce assessments or the similarly limited bank analyses currently in use.<sup>19</sup>

Senator Jacob Javits has suggested a private corporation to coordinate urban improvement activity. His proposal is for a corporation much like the Communications Satellite Corporation - to be a catalyst to improvement and actually carry out experimental projects - and to function as a

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<sup>19</sup>Ibid., pp. 293-294.







profit-making organization.<sup>20</sup>

One could safely assume that with good solid indicators available to the businessmen in such areas as below average incomes, high unemployment or underemployment, and business failures, they would channel corporate effort toward those deficiencies which balanced social responsibility with corporate health.

It is true that many businessmen see their own corporation as a profit-making enterprise and think contemptuously of welfare projects, of the unemployed, and the ghettos. He is likely to acknowledge that such problems are not his concern or responsibility.<sup>21</sup>

William C. Stolck, chairman of the Committee for Economic Development was quoted as follows:

Corporate chief executives need to reexamine the "profit" concept if business is to deal successfully with social problems . . . . Traditional measurements of profit, many of which haven't changed since Adam Smith, hinder management and shareholder attitudes toward investment in social projects.

If we treated such outlays as a capital investment the money put into social projects by private business would rise dramatically.<sup>22</sup>

A recent economic study by First National City Bank of New York warns as follows:

<sup>20</sup>Davis, "A Symposium on Urban Problems", p. 48.

<sup>21</sup>Choate, "Responsibilities of the Private Sector", p. 295.

<sup>22</sup>"Management Briefs", Business Week, October 12, 1968, p. 86.



Unless business participates in improving the conditions of the poor it may well find its markets withering, its labor becoming scarce and less productive, and its profits eroded by rising tax burdens. It is business rather than government which can provide the most effective cutting edge for solving problems of the poor. Business' major contributions can be in the areas of improved education, effective job recruitment and training, and development of minority owned enterprises. A reduction in blue-collar jobs and the flight of the white, middle class to the suburbs - leaving unskilled, recently migrated minorities - have been major contributors to poverty.<sup>23</sup>

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<sup>23</sup>"Cities Briefs", Business Week, January 25, 1969, p. 132.



## CHAPTER IV

### BUSINESS RESPONSE

The economic expansion of this decade has drawn many previously jobless workers into employment in cities and also rural areas. Despite our economic growth, however, there remains that hard-core of previously described unemployed or underemployed workers who will not get jobs without special help, even assuming continued rapid economic growth. Under current corporate employment practices these low skilled and poorly motivated people have found themselves unacceptable in most business organizations. The plan of attack in hiring this large group of workers is based on the development of more jobs suited to the needs of the disadvantaged, and designed to aid both the worker and the employer in what may be a difficult adjustment process.

The imperatives have never been more urgent. We have seen an enlightened self-interest. Businessmen are aware of the advantages that accrue from hiring the disadvantaged, both long and short run. An enlightened national interest is aware of the additions to national output and reductions in welfare payments that would result. Leo C. Beebe, vice president of Ford Motor Company and vice chairman of the National Alliance of Businessmen cited the economics of giving a job to a jobless man:



He will contribute \$10,000 a year to the Gross National Product, pay federal income tax of about \$241 a year, pay additional state sales taxes of about \$36 a year, reduce unemployment costs about \$34 a year, increase purchasing power by \$3400 a year and relieve the government of welfare and support payments by \$1308 a year.<sup>1</sup>

#### NATIONAL ALLIANCE OF BUSINESSMEN

The basic employment program which is expected to do the most toward easing the hard-core unemployed problem is the program now being coordinated by the National Alliance of Businessmen.

President Johnson chartered the National Alliance of Businessmen in his Manpower Message to Congress on 23 January 1968.<sup>2</sup> In his message he called on American business to apply its talents to a critical national problem: finding jobs for the hard-core unemployed.

The task of the Alliance is to encourage private companies to put 100,000 disadvantaged men and women on the job by June 1969, and 500,000 by June 1971.<sup>3</sup> In an effort to place 200,000 needy youths in summer employment the Alliance was to work closely with Mayors' Youth Councils throughout the country. This youth program was directed at relieving the intensified urban tension that developed

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<sup>1</sup>Editorial, The Cleveland Plain Dealer, Dec. 2, 1968, p. 46.

<sup>2</sup>U.S., Department of Labor, Highlights of the 1968 Manpower Report of the President (Washington, D.C.: Government Printing Office, 1968) p. 3.

<sup>3</sup>National Alliance of Businessmen, A New Partnership (Washington, D.C.: National Alliance of Businessmen, 1968), p. 1.





during the summer when schools close and millions of young people are forced into the streets with no constructive outlet for their energies.<sup>4</sup>

As we have noted, some of the hard-core unemployed can be assimilated in industry simply by changing existing entry barriers to employment. Others will require extra effort in recruiting, training and counseling, which will add additional costs above normal for an industrial training program.

To underwrite these extraordinary costs of providing jobs, President Johnson proposed to Congress that \$30 million be provided to support a program to be administered by the National Alliance of Businessmen called the JOBS Program (Job Opportunities in the Business Sector). Funds were requested for use over a two year period.<sup>5</sup>

The National Alliance of Businessmen has been formed to make job opportunities in the business sector a reality for the hard-core unemployed. Initially, the Alliance is directing its efforts to the nation's fifty largest metropolitan areas, with expansion to one hundred by June, 1969.

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<sup>4</sup>Ibid.

<sup>5</sup>U.S., President, 1968 Manpower Report of the President, delivered in January 1968, pp. 99-102. (To be available for government assistance the hard-core employee has been defined by the Labor Department as a member of a poor family (e.g., a family of five with a total income of less than \$3,800), or a person now unemployed or underemployed; and either a high school dropout, a member of a minority group, a person under age 22 or over 45, or one who is physically handicapped.)



In each of the fifty cities the Alliance has a team, directed by a metropolitan chairman, composed of several businessmen loaned by their companies, and a representative of the Department of Labor. In each city the Alliance is:

    Contacting companies directly, or through existing local organizations, to ask them to provide jobs for the disadvantaged.

    Working with local public and private organizations to identify and recruit disadvantaged persons to fill these jobs.

    Expediting arrangements for companies to receive government funds to offset extraordinary costs of training programs. The mechanism is a simple contract to be made with the Department of Labor.<sup>6</sup>

Henry Ford II is the chairman of the National Alliance of Businessmen, with the actual direction of the JOBS program in the hands of Leo C. Beebe, vice president of Ford Motor Company in charge of sales and marketing in Canada. J. Paul Austin, president of the Coca-Cola Company is vice chairman. Until the establishment of the National Alliance of Businessmen, private enterprise had little direct or coordinated involvement in the field of hiring the hard-core unemployed. Until 1962 the only active U. S. Government agency was the U. S. Employment Service which functioned only as a referral service for prospective employees of all economic classes.

Under the JOBS program, business management itself is taking the lead in providing job vacancies, with industry

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<sup>6</sup>National Alliance of Businessmen, A New Partnership (Washington, D. C.: National Alliance of Businessmen, 1968), p. 7.



then expected to enter into contracts with the Department of Labor that will provide reimbursement for extraordinary services and supportive costs. The Labor Department, through its field offices, will provide the local expertise for getting into the inner cities and recruiting workers for the jobs provided by businessmen.<sup>7</sup>

Officials of the National Alliance of Businessmen were reluctant to discuss the JOBS Program in any detail. Names and details of participating companies are not available to the public. Feedback reports are overly optimistic and invalid for developing problem areas. The only available source of data for program analysis is a file of carefully maintained newspaper clippings from throughout the United States.<sup>8</sup>

Review of this file revealed individual programs ranging from total failure in Cleveland, Ohio, to a highly successful program in Louisville, Kentucky, and San Antonio, Texas. Official Labor Department unemployment figures classified Louisville, Kentucky as changing from an area of moderate unemployment to low unemployment during the period November 1967 to November 1968. San Antonio remained an area of moderate unemployment, and Cleveland remained an

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<sup>7</sup>"Industry Labor Government", Employment Service Review, (May-June, 1968), p. 2.

<sup>8</sup>This file is maintained by the Public Relations office of the National Alliance of Businessmen.





area of low unemployment during the same period.<sup>9</sup>

Reasons for success and failure are many and varied. Feedback reports and an interview with an Alliance official clearly revealed the two most perplexing problems to be transportation of employees to the job location, and proper integration of the trainee into the workforce. When the transportation problem to distant plants becomes overwhelming for the trainee he simply gives up.<sup>10</sup>

The problem of trainee integration into the work-force is especially perplexing in areas where plants are predominantly Polish, Italian, or other ethnic groups. Experience has shown that Negroes have an extremely difficult time breaking the ethnic barrier. Efforts at solving this problem have been directed to finding a sympathetic worker, preferably from the existing ethnic group to act as a sponsor during a relaxed orientation period.

Other problems include lack of interest on the part of businessmen for a variety of reasons, inadequate recruiting effort in the ghetto areas, improper recruiting techniques, loss of interest on the part of the trainee, and general

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<sup>9</sup>U.S., Department of Labor, Area Trends in Employment and Unemployment for November, 1968 (Washington, D.C.: Government Printing Office, 1968), pp. 6-8.

<sup>10</sup>Interview with Mr. Finlay Petrie, U.S. Department of Labor Representative to the National Alliance of Businessmen, Washington, D.C., February 3, 1969. (Contrary to other staff members of NAB, Mr. Petrie was quite willing to discuss all aspects of the JOBS program, and proved to be most helpful )





trainee adjustment problems. The only unexpected problem is one of distrust among the disadvantaged of the businessmen who pledge to give them a job. The explanation is a general mistrust of society built on social mistreatment over several generations. The problem obviously has no easy answer.<sup>11</sup>

Research into the problem of what motivates businessmen to participate in the JOBS program, and how much they should contribute, was not fruitful. A hard-core percentage of ten per cent of total employees is a rule-of-thumb used by Alliance officials in discussing the program with prospective employers. This generally means nothing to the businessman and he sets his goals in line with his profit motives and his own need for employees.

In motivational terms, Alliance officials agree that of the 12,500 businesses now participating in the JOBS program, approximately 11,000 are acting out of a feeling of genuine social responsibility. The other 1500 businessmen are participating to maintain standing in the community and save face at the weekly Rotary Club and Lions Club meetings. This analysis is based on detailed review of contracts, with special attention given to funds requested for various types of training. Wide variances in training costs for the same skill have been noted among participants. Adequacy of the training and indoctrination program is

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<sup>11</sup>Ibid.



carefully analyzed. Approximately three per cent of the contract requests are refused because of an inadequate or overly expensive program.<sup>12</sup>

### CONSORTIUMS

Officials of the National Alliance of Businessmen are enthusiastic about the success of a consortium of companies which has joined in a common effort to hire and train the hard-core unemployed in the greater San Francisco and San Francisco Peninsula area. This consortium has been in operation for just over four months and has not yet been subjected to critical evaluation. Initial indications show a highly successful program. The basic concept of the consortium is as follows:

Any company with the desire to provide entry level openings in meaningful job categories for these unemployed persons is welcome to join the consortium. The company must have the willingness to waive entry requirements not absolutely necessary to performance of the job, and the patience to give the trainee a chance to bring his performance up to the norm of the average worker within a reasonable period of time. The program is operated in two basic sections; a period of from four to eight weeks training prior to assuming a job, followed by a four to twenty week period of on-the-job training. The differences in training periods result from varying complexity in entry level

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<sup>12</sup>Ibid.



positions expected to be used by participating companies.<sup>13</sup>

The training period prior to assuming a job is conducted at a central facility of the consortium, and the on-the-job training is conducted in the trainee's regular work position at the member company plant. The initial training involves medical examinations, remedial education as required, preliminary vocational training, legal and financial counseling, and preparation for the trainee to perform in an acceptable manner when he appears on the company floor. Lockheed Missiles and Space Company has agreed to provide all necessary facilities and staff to conduct the initial indoctrination training. Short training sessions for the company supervisor to whom each of the employees will report for on-the-job training is also provided.<sup>14</sup>

Trainees are selected to match needs of a job as closely as possible, and to minimize transportation problems. One of the most pressing problems encountered nationwide in the Alliance program is the problem of transportation from the inner city to industrial plants, usually located in the suburbs. Inadequate public transportation often plays a significant part in trainees coming to work late, or being absent. Some companies have built shuttle bus service into their contracts with the Labor Department.

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<sup>13</sup>National Association of Manufacturers, "Effectively Employing The Hard-Core", (New York: National Association of Manufacturers, 1968), p. 29

<sup>14</sup>Ibid., p. 30.



In these instances, the transportation problem is resolved at least for the life of the contract. By that time it is hoped that if other means of transportation such as car pools are not available, the trainee will have accumulated sufficient resources to take care of this problem on his own. Trainees are recruited from organizations in the San Francisco Bay area already established to deal with employment of the disadvantaged. All trainees handled by the consortium under Federal contract are certified as hard-core unemployed by the California State Employment Service.<sup>15</sup>

If a trainee is not working satisfactorily in a member company during the on-the-job training period, and counseling by the consortium counselor does not improve the situation, the trainee is removed from the company payroll and returned to the consortium training center. At the training center the trainee will be either retrained and placed with another company for a second chance, or will be dropped from the program if nothing else can be done.<sup>16</sup>

The Labor Department contract regards Lockheed as the prime contractor and each member company as a specified sub-contractor. To insure that the member companies have a voice in the operation of the consortium and that the operation maintains the effectiveness necessary to a successful JOBS program, a Board of Monitors has been formed. The

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<sup>15</sup>Ibid. p. 34.

<sup>16</sup>Ibid.







Board meets at regular intervals to monitor the financial and functional aspects of the operation and to suggest plans for changes or modifications.<sup>17</sup>

As can be seen, the consortium concept relieves a great amount of administrative effort on the part of individual companies. The impetus of a group effort also makes for a more dynamic operation. The problem, of course, is finding a company such as Lockheed which is willing to assume the liaison and pre on-the-job training effort. The concept of the consortium is a workable one, and worthy of implementation in all major metropolitan areas.<sup>18</sup>

The Labor Department is most enthusiastic about the consortium concept.<sup>19</sup> Several immediate advantages were given. The contract burden is eased, and the problem of front-end loaded contracts is eliminated. Many small businesses desire to participate in the JOBS program, but require payment at the beginning of the contract period in order to establish a training program. In accordance with government procurement regulations such contracts are not legal. Payment under the contract is made in increments as training progresses.<sup>20</sup>

<sup>17</sup>Interview with Mr. Petrie.

<sup>18</sup>Ibid. (Enthusiasm has spread to eighteen metropolitan areas of the JOBS program and each will soon be forming a consortium.)

<sup>19</sup>Interview with Mr. Harris.

<sup>20</sup>Ibid.



## UNION SENTIMENT

As previously mentioned, unions have not yet provided any feasible programs to aid in alleviating hard-core unemployment.

Herbert Northrup sees the role of unions as a passive one, with the exception of the Auto Workers Union. He cites the building trades as being highly restrictive.

The importance of unions in industry is that they tend to institutionalize and perpetuate the status quo. You see, unions did not invent the seniority system, but they maintain it. This often has the effect of confining Negroes to certain departments or jobs. Unions cater to the attempts of workers to build a fence around them. Some unions have performed a real service in opening paths for Negroes to get promoted, but often unions lag behind.<sup>21</sup>

If any hard-core employment program is to be effective where unions exist agreements will have to be made with union leaders regarding relaxing union wage standards, and development of institutional training and apprenticeship opportunities. The position taken in this matter by the National Alliance of Businessmen is that the disadvantaged will have to have many of the same advantages and benefits of union members in order to make them feel that they are, in fact, part of the business.<sup>22</sup>

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<sup>21</sup>Herbert R. Northrup, "On Hiring Hard-Core Jobless", U. S. News and World Report, October 14, 1968, p. 86. (For the last 25 years Professor Northrup has studied special problems of Negro employment, and is now conducting a survey in 25 major industries to investigate racial policies in American business.)

<sup>22</sup>Interview with Mr. Petrie.



George Meany, president of the American Federation of Labor and Congress of Industrial Organizations, welcomed the development of the National Alliance of Businessmen.<sup>23</sup> He recognized the vital step of mobilizing on a national basis to hire the disadvantaged. The real need of the hard-core is confidence and a belief that a job opportunity is real and that they can become a part of American society. The problem most often noted by labor unions is the fact that many unions, especially in the apprenticed trades, have gone to great lengths to recruit hard-core youngsters to their trades yet can find few people to join the movement. Meany cites lack of confidence, lack of faith, and lack of motivation by those who have been rejected so often by society in the past. He calls them skeptical of new offers of opportunity, and offers two points of advice. First, forget about who is to blame and worry about solutions, and, second, new approaches must be devised in order to win the confidence of the hard-core.<sup>24</sup>

The AFL-CIO has assigned veteran labor leader Jack W. Livingston to be union relations director on the staff of the National Alliance of Businessmen. His job will be to coordinate union effort in each of the fifty cities in which the Alliance is operating.<sup>25</sup>

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<sup>23</sup>George Meany, "Assault on Hard-Core Jobless Problems", Employment Service Review, (May-June, 1968), p. 6.

<sup>24</sup>Ibid., p. 7.

<sup>25</sup>Ibid., p. 8.



The National Association of Manufacturers has found that company executives engaged in hiring the hard-core are confident that they will be able to work out with the unions reasonable procedures for absorbing the workers into the work force.

Their confidence is based in part on the feeling that unions are beginning to respond to increased pressure from government, civil rights groups and the public to take a more active role in social problem solving.<sup>26</sup>

#### GOVERNMENT ASSISTANCE

Most businessmen, labor leaders and government officials agree that any effective program to reduce hard-core unemployment is going to involve the public sector and the private sector in a joint effort.

The decade of the 1960's started with an Employment Service and employment security system geared to assist employees find workers to fill specific vacancies as listed with the Employment Service. Since the main function of the Employment Service was to assist employers it tended to screen people out of jobs rather than select people into jobs by finding them the opportunities they needed. The Employment Service served its functions well. However, the changing economy of the country could not stay with a status quo program. New approaches were needed and demanded.

In early 1961 the Area Redevelopment Act was signed by

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<sup>26</sup>National Association of Manufacturers, "Effectively Employing the Hard-Core", p. 10.





President Kennedy. This legislation gave the Employment Service authority to provide training opportunities, in areas of substantial unemployment, for individuals who needed such training to find a job. In March 1962 the Manpower Development and Training Act was passed. This legislation authorized expenditures of funds to train the unemployed and underemployed, not only in distressed areas but throughout the cities, communities, and rural areas of America. During the past six years well over a billion dollars has been spent for training opportunities alone.<sup>27</sup>

In 1964 an all-out effort at training the youth of America was authorized by the passage of the Economic Opportunity Act.<sup>28</sup> This legislation authorized such programs as the Neighborhood Youth Corps program, the Job Corps program, Volunteers in Service to America (VISTA), and other community action agencies. These programs functioned where local officials could develop facilities and leadership to support a community effort. Organizational procedures and program guidelines were not standard. Essentially, such programs gave the Employment Service additional alternatives so that instead of screening people out of job opportunities it could select people into suitable programs which would lead to job placement.

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<sup>27</sup>Stanley H. Kuttentberg, "Ghetto Problem is Internal Cancer", Employment Service Review, September, 1968, p. 4.

<sup>28</sup>U. S., Congress, Economic Opportunity Act of 1964, Public Law 88-452, Title I, Sec. 101, p. 1.



Department of Labor effort during 1967 and 1968 has focused on three main objectives:

1. On concentration and unification of manpower forces to help the Nation's most disadvantaged people achieve employability and decently paid jobs.
2. On greatly increased efforts to involve private industry in the training and job adjustment of the hard-core unemployed.
3. On new program developments aimed at greater flexibility in meeting the divergent needs of different individuals and groups.<sup>29</sup>

The Manpower Development and Training Act (MDTA) is the base program for the above objectives and is, therefore, worthy of further study.

Intervening amendments have redirected the MDTA to provide for selecting at least two-thirds of its trainees from the category of the disadvantaged unemployed individuals. The administration of this segment of the MDTA is given almost exclusively to the National Alliance of Businessmen for use in the JOBS program. Former Secretary of Labor, Willard Wirtz testified on 15 May 1968 before the House Committee on Education and Labor, that he channeled MDTA funds through the National Alliance of Businessmen to reduce the administrative effort of companies using MDTA funds for training in support of job commitments to the Alliance.<sup>30</sup>

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<sup>29</sup>U. S., Department of Labor, Highlights of the 1968 Manpower Report of the President (Washington, D. C.: Government Printing Office, 1968), p. 48.

<sup>30</sup>U. S., Congress, House, Committee on Education and Labor, To Extend Certain Expiring Provisions Under the Manpower Development and Training Act of 1962, as amended, Hearings, before the select subcommittee on Labor of the



The broad objective of the MDTA is to require the Secretary of Labor to study important problems in the field of manpower requirements, development, and utilization. Training and skill development is to be conducted at government expense on a nationwide basis. The general directives of the Congress included:

Identify present and future manpower shortages.

Seek out and train persons who can be qualified to fill these shortages through education and training.

Government leadership is necessary to insure that benefits of automation do not become burdens to society in the form of prolonged or widespread unemployment.

Improved planning and expanded efforts are required to assure that men, women, and young people will be trained and available to meet shifting employment needs.<sup>31</sup>

The above directives are compatible with the objectives of the National Alliance of Businessmen. The addition of a Labor Department representative on each of the field staffs of the Alliance has facilitated easy administration of the MDTA in conjunction with the JOBS program.<sup>32</sup>

The research and development effort under the MDTA has resulted in a Human Resources Development Program within the Employment Services. This program is designed to get government officials out into the communities talking with people, working with them, establishing intake centers at

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Committee on Education and Labor, House of Representatives, on H. R. 15054, 90th Cong., 2nd sess., 1968, p. 10.

<sup>31</sup>U. S., Department of Labor, The Manpower Development and Training Act (Washington, D. C.: Government Printing Office, 1964), p. 3.

<sup>32</sup>Interview with Mr. Petrie.





various locations within the community. In praising the experimental and development programs, former Assistant Secretary of Labor Stanley Ruttenger said:

We are still learning about the techniques of manpower program management - techniques of outreach, of coaching, of remedial education, of counseling, for example. We are only beginning to learn about motivation. But we are putting what we learn to use in manpower programs around the country. Long after the present spate of manpower programs have run their course, we will be reaping the harvest of experience we have gained in the experimental and development projects.<sup>33</sup>

## RESULTS

Quantitative evaluation of the multitude of programs to assist in obtaining jobs for the disadvantaged is extremely difficult, if not impossible. Officials of the National Alliance of Businessmen make little effort to measure results in any terms other than job pledges, job placements, and employees on the payroll after completion of training. Reasons given for this limited measurement of success are newness of the JOBS program, hectic pace of keeping up with daily operation of the program, overlapping pledges to any of several programs such as the JOB CORPS and VISTA. Research and development contracts in the amount of \$200 million are programmed over the next year, with some emphasis on measurement of results. As of 1 February 1969, industry has committed 172,000 job pledges to the JOBS program, 125,000 disadvantaged workers have

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<sup>33</sup>Ruttenger, "Ghetto Problem is Internal Cancer", p. 6.





been placed in training, with 85,000 workers remaining in the job after training.<sup>34</sup>

Cost of training employees to date has amounted to about \$3,000 per man, and it is estimated by Labor Department officials that the new employee repays his debt to society in about eighteen months.<sup>35</sup>

Speaking about overall results, President Johnson, in his 1968 Manpower Report to Congress, cited the following results of the past four years concentrated effort in helping the hard-core workers obtain jobs:

#### EQUALITY OF OPPORTUNITY

The number of employed nonwhite workers rose from 6.9 million to 8.0 million between 1960 and 1967, an increase of 16 per cent. During the same period, employment of white workers rose by only 13 per cent. Nevertheless, the average unemployment rate for nonwhites is still slightly more than twice that for whites.

No inroads have been made into the extremely serious problem of nonwhite teenage joblessness. One out of every four nonwhite teenagers was unemployed in 1967, almost  $2\frac{1}{2}$  times the proportion for white teenagers, whereas in 1960 the ratio was less than 2 to 1.

Substantial gains have been recorded in the occupational distribution of adult nonwhite workers. In the high skill, high status, high paying occupations, the percentage increase of nonwhite workers has exceeded that of white workers.

Most encouraging was the marked reduction in the percentage of nonwhite families living in poverty. The nonwhite proportion below the poverty level, however, was more than three times that for white families in 1967.

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<sup>34</sup>Interview with Mr. Petrie.

<sup>35</sup>Ibid.



Though the continued intolerably high rate of unemployment among Negroes remained a critical national problem, an encouraging development in their employment situation was a significant upgrading in their occupational status.

The number of Negro men employed as white-collar workers, craftsmen and operatives rose by about 100,000 while the number in the less skilled and generally lower paying occupations of service worker and farm and non-farm laborers declined by about 50,000.

Employment of Negro women increased by more than 100,000 in clerical occupations and more than 50,000 in operative jobs, while the number employed in private households dropped by about 100,000.<sup>36</sup>

Doctor Northrup is cautiously optimistic about progress in hiring the hard-core. He feels that the expanding employment prospects will help hold Negroes in the South, and that a recent population study indicates that the migration is slowing. He cites additional factors to slowing the migration as being the lower cost of living in the South, and the inconvenience of urban living in the northern cities. However, Doctor Northrup describes the big danger in a substantial business recession which would set the economy back and intensify racial feelings because of vigorous job competition. Negroes will suffer disproportionately because they were the last hired and will be the first to go. Negroes will still be better off because many of them will have learned a skill and many will still be employed.<sup>37</sup>

Officials of the National Alliance of Businessmen, and Business Week have noted the huge success of the JOBS program

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<sup>36</sup>U. S., Department of Labor, Highlights of the 1968 Manpower Report of the President, pp. 13-49.

<sup>37</sup>Northrup, "On Hiring Hard-Core Jobless", p. 86.



in the Detroit area. During the nine month period from April to December 1968, over 38,000 disadvantaged workers were hired by the big three auto makers. Their quota had been 22,338. Part of the success can be attributed to the high degree of enthusiasm for the JOBS program by men like Henry Ford II, James Roach of General Motors, and Lynn Townsend of Chrysler. Success in Detroit can also be attributed to forming the JOBS program at a time when there was a sharp need for new workers in the industry. This is an area where a big recession could have devastating effects on the JOBS program.<sup>38</sup>

Robert R. Tindall, Detroit Negro city councilman and former executive secretary of the National Association for the Advancement of Colored People was not so enthusiastic about the success of the JOBS program in Detroit. He believes the industry acted from pure and simple economic need. He adds, however, that he does not disapprove of the action on that account.<sup>39</sup>

#### REDIRECTING EMPLOYEES

Even in a dynamic economy some employees may require changing jobs or even careers several times. This problem is a very real one in certain industries for veteran employees, as well as for industries hiring the disadvantaged.

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<sup>38</sup>"Detroit Shows the Way with Hard-Core Jobless", Business Week, February 1, 1969, pp. 32-33.

<sup>39</sup>Ibid., p. 32.





The National Association of Manufacturers provides assistance in developing programs for redirecting employees. In some cases a change in jobs may take place with relative ease, while in others the problems of finding new employment may be overwhelming.

One case study focuses on the program established by a large oil company that was confronted with a substantial cutback in employment. The people released included personnel at all levels within the company. Recognizing that the problem had certain psychological aspects, as well as presenting a need for training on job-finding techniques, the company made available the services of an organization in business to help people find new employment. Workshop seminars focused on assisting the individual to organize his own-job finding campaign, and how to conduct a successful interview. The workshop itself turned out to be a potent morale builder. Eighty per cent of the people found jobs within three months, many of them embarking on new careers. A different situation exists in northern California. In order to deal with sharp employment fluctuations in the aerospace industry, twenty-five large companies have set up a computer sharing service to share information on manpower needs and layoffs on a weekly basis. Whatever the target group, a redirecting program can be an important tool in combatting underemployment and unemployment.<sup>40</sup>

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<sup>40</sup>National Association of Manufacturers, "New Dimensions for Action", New York, 1967, p. 9. (Lithographed)





## CURRENT EVENTS AND THE FUTURE

An adequate program of long range planning is necessary if the current effort of crash-hiring the hard-core is to become more than a stop-gap method of relieving urban unrest. Prudent planning would seem to warrant careful consideration of population trends reasonably far in the future. Analysis of population trends to 1975 can be done with relative preciseness because everyone that will be in the work force in 1975 is alive today and can be counted.

The outlook for the immediate years shows a very large but uneven growth in population and labor force, with some of the biggest increases in what are now the major problem groups, young Negroes, and people generally at the early years of their working lives. Age distribution of changes in the labor supply can be summarized as follows:<sup>41</sup>

		1965-75	1955-65
NET INCREASE IN LABOR FORCE	15,289	100%	100%
(Thousands)			
14-19	1,797	11.8	22.9
20-24	3,895	25.5	21.1
25-34	6,101	39.9	-7.8
35-44	-943	-6.2	16.8
45-54	1,989	13.0	29.7
55-64	2,266	14.8	19.4
65	185	1.2	-2.1

Based on population trends there will also be a differentially higher labor force increase among Negroes in the

<sup>41</sup>Wolfbein, The Emerging Labor Force, p. 4.



1965 to 1975 decade. A substantial part of the differential increase among Negroes is going to take place toward the younger part of the age scale represented by the post war bulge in birth rates. As summarized below, younger Negroes will make up about one of every seven workers.<sup>42</sup>

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PROPORTION OF NEGRO LABOR FORCE IN 1975

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	TOTAL	MALE	FEMALE
TOTAL	11.7%	10.9%	13.2%
14-19	13.4	13.7	13.0
20-24	13.2	12.6	14.2
25-34	12.7	11.3	15.9
35-44	11.9	10.7	14.4
45-54	10.6	9.6	12.0
55-64	9.2	8.7	10.0
65	8.3	8.1	8.5

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Again we see the heaviest increases in labor supply coming at a time when the problems of entry jobs and early career development are most acute.

Analysis of the labor demand through 1975 presents a much more difficult problem, since labor demand is based on national economic policy and its effect on the unemployment rate. National policy is often formulated with deliberate focus on the output of the economy.

Four other trends are worthy of consideration:

1. The overriding shift toward the service producing sectors will continue. We are the only country in the world which deploys a majority of its workers in the production of services rather than goods.

2. The persistent trend which has raised the white collar occupations to the top of the occupational ladder

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<sup>42</sup>Ibid., pp. 6-7.



will continue.

3. By 1975 the professional and technical distribution of workers will be greater than the distribution of skilled craftsmen; a notable change in American economic and business history.

4. The distribution of unskilled workers in the labor force will fall below 5 per cent.<sup>43</sup>

A sudden end to the war in Vietnam is of little concern to Labor Department officials, or officials of the National Alliance of Businessmen. The matter is currently under study by the Labor Department, with the anticipated result being that enough military men who will return to the labor force will have needed skills and will not disrupt the labor situation. However, danger exists if many large defense oriented companies do not spread to other markets to cover lost defense contracts. Such a rapid halt in defense spending is not anticipated.

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<sup>43</sup>ibid., pp. 6-7.



## CHAPTER V

### CONCLUSIONS

Give a man a fish today and you'll have to give him another tomorrow. Teach him to fish today and he'll feed himself tomorrow.

--Alfonso Cervantes  
Mayor of St. Louis

The business and industrial complex which has advanced this country to the most complex society in the world has also created the most complex set of social problems in the world. One needs only to drive through slum areas of any big city to see what years of neglect has done. Communities are worn out and spirits are low. Along with the presently existing physical conditions of slums can be found a retarded family heritage that goes back as far as any of the residents can recall.

Suddenly, almost total disregard for a class of people and their way of life has caused widespread rioting and a national awareness of their plight. Over the years several such revolutions, while not quite so violent, have forced awareness of socially disadvantaged groups. Child labor laws, social security legislation, and unionization laws can all be considered legislation resulting from a social revolution. In each instance we must blame the entrepreneur who, in his quest for higher profits, failed to provide adequately





for a society that was advancing as a result of the entrepreneur's refined effort.

Returning to the first hypothesis of the paper we have seen that both actions, and lack of actions by businessmen contributed to existing social problems. We have seen early slave owners who continued to use the ex-slaves after the Civil War at bare subsistence wages. Later, the cheap labor that this large group provided was used by businessmen as an incentive to lure industrial development to the South. However, the rapid industrial development in both agriculture and industry did not provide sufficient jobs. Added to the technological movement we saw the large immigration of Europeans into the workforce who were readily available for work in the factories of the North.

Rather than level all blame at businessmen we must force some blame on early legislatures for our social problems in allowing such large European immigration at a time when there were large numbers of underemployed workers in the South. Agricultural legislation provided for the farmer but not for his displaced workers.

We have seen that the combination of the timing of the agricultural and industrial revolution as well as the discriminatory practices which started in the slave era have severely retarded economic integration of millions of Negroes. As a result, their lives were reduced to servitude. The road to the cities was often long and uncertain, but at least the chance to find work existed, and the Ku-Klux-Klan posed



little or no threat. The prospect of a meager welfare payment also added to the incentive to move to the cities. Businessmen in the cities failed to receive the migrants with any enthusiasm. At best the migrants provided a source of cheap labor, and of those who have arrived, the majority are destined to stay in the inner city. In summary, the major barriers to escape from the inner cities are:

1. The income gap between ghetto residents and their economic need in order to better provide for themselves.
2. Suburban laws which discriminate against low income workers.
3. Unequal welfare payments which draw larger numbers of unemployed residents to certain metropolitan areas and not others.
4. Failure of federal and state legislatures to support programs favoring economic welfare of low income groups.

In reviewing these barriers we can conclude that they would not have existed if businessmen had closed the income gap. However, this is a bit idealistic. Since businessmen have historically been dedicated to the concept of highest profit, a form of enterprise fully supported in this Country, then we must criticize government for not taking more vigorous action in the beginning in order to have prevented our existing plight.

In hypothesis two we stated that the role of big business in providing jobs for hard-core unemployed is



undefined, with progress to date being sporadic and non-standard. No evidence could be uncovered to the contrary. The only guidance that could be found was the ten per cent total company workforce being hard-core as advocated by the National Alliance of Businessmen. No limit on the number of trainees per company being trained under the Manpower Development and Training Act has been set by the Labor Department. Results of individual programs varied from large scale, highly successful programs to programs that were abandoned as failures.

Feedback information was not comprehensive enough to determine precisely what made a successful program. Two industries highly compatible with hard-core training and employment were found to be the auto industry and the aerospace industry. In the auto industry programs were generally highly effective while in the aerospace industry programs were not so effective. Part of the problem in aerospace can be related to the already high mobility of workers in that industry. The availability of federal funds to assist in the training phase was not always an incentive to business participation. Only about half of those workers being trained under NAB quotas were under contract for federal funds. The Labor Department referred to these workers as "freebies" since they were being trained at no expense to the government.

A definition of the role of businessmen in meeting urban problems reduces to a question of how much social



responsibility can be demanded of the businessman before he is said to have lost his freedom. This question could not be resolved, and likely will not be resolved in the near future. However, we can conclude that a reconciliation must be achieved between social responsibility and capitalism. The wise and prudent businessman will accept a burden of social responsibility as a reasonable requirement for the maintenance and perpetuation of the free enterprise system.

In terms of government participation in easing the hard-core unemployment problem the question becomes: Whose job is it to train or retrain displaced workers? Businessmen whose basic goal is maximum profit have the right, under our free enterprise system, to hire the man best qualified in terms of education and skill. In a normal, or near normal, free enterprise economy this would be the ideal concept. The fact is, however, that we do not have a near normal economy, and a purely theoretical profit concept is inappropriate. The author is of the opinion that government will have to balance the effort between government and business to a greater degree than currently exists. Both positive and negative incentives will be necessary in such programs as tax incentives and other types of employee welfare controls.

Labor unions in the past have been rather passive to the idea of hiring the hard-core employees in response to corporate social responsibility. Recently, labor leaders







have attempted to gain cooperation from unions in taking a more active role. From the beginning, George Meany has pledged full support of AFL/CIO in the JOBS program, and has placed highly qualified union men in each of the NAB field offices. While little could be found to support union participation in the past, it appears that unions will become active in the future.

In returning to hypothesis three we have seen that until quite recently there was little evidence of any concentrated effort by businessmen in meeting their social responsibility. The effect of government regulation is clear. Properly administered regulations can force the businessman to be mindful of his attitude toward employees.

Certainly, there are isolated examples of companies acting repeatedly in the best interests of society at less than maximum profits. But more often than not, corporate social projects result in a highly satisfactory rate of return on the investment. Unfortunately, undertaking only those social projects which result in a substantial rate of return has not relieved our hard-core unemployment problems. No evidence is available to show that any individual programs have had a significant impact on relieving the economic plight of disadvantaged individuals. The test of whether a social project will benefit the disadvantaged is not whether it initially appeals to them or their leaders. Rather, it is the extent to which it generates new economic activity, particularly the kind of activity in which



semiskilled or unskilled members of the workforce can proudly take part.

The first national mobilization in solving the hard-core unemployment problems is the JOBS program of the National Alliance of Businessmen. We have seen that the results, in terms of the stated objectives, are highly indicative of a successful program. Twelve thousand large corporations are solidly behind the program at the half-way point, and the prospect is good that thousands of smaller businesses will participate as the program gathers momentum. It appears that some businessmen have truly mobilized to attack the problem of hard-core unemployment. A status report presented to President Johnson by Alliance officials in August, 1968 presented a most optimistic outlook.

A more careful investigation of the JOBS program revealed several concepts worthy of attention by the Alliance staff.

1. The Alliance and the JOBS program were rapidly developed and sanctioned by the Federal government. Little in-depth planning was undertaken, and only now are research contracts under consideration for hard-core employment programs.

2. Businessmen have obviously rallied to the cause of the Alliance, yet the Alliance has not been able to provide the businessman with a proper program for determining just how to carry out his social responsibility. Hard-core employment programs are relatively new and highly complex.



Implementing an effective program requires much more than social conscience. An indoctrination team should be established to provide an orientation program for businessmen who lack the resources and management expertise to develop a sophisticated hard-core employment program. Two authors have proposed programs to provide a business management approach to the war on hard-core unemployment. Both use sophisticated mathematical and accounting techniques to determine optimum allocation of resources and choice of strategies. Both authors appease emotional appeals to employ the hard-core by developing a plan for analysis of the risks and options. The proposed techniques will not fully answer the businessman's proverbial question about his degree of social participation. They can, however, help balance his desire to accept some social responsibility with his duty to maximize profits. Development of such planning techniques should be a major objective of the Alliance.

3. Six predominantly rural regions with pervasive problems of joblessness, underemployment, and poverty have long been identified by the Department of Labor. These regions are: the four corners region of Utah, Colorado, Arizona, and New Mexico; the upper Great Lakes region of northern Minnesota, Wisconsin, and Michigan; the Ozarks region of parts of Missouri, Arkansas, and Oklahoma; the Appalachian region of parts of Alabama, Tennessee, Kentucky, West Virginia, and Pennsylvania; and the New England region.



Of the fifty regional offices established by the Alliance, only the offices in Boston, Pittsburg, and Tulsa, lie within any of the aforementioned regions. Labor department statistics show Pittsburg as an area of low unemployment as opposed to moderate or substantial unemployment in Tulsa and Boston. Five regional offices are located in Texas, and five in California, neither state suffering severe unemployment problems. It was interesting to note that twenty-three regional offices are located in cities where hard-core employment problems are not of significance to the Department of Labor. The main function of the Alliance regional offices is to find, in conjunction with Labor Department field offices, hard-core unemployed suitable for transition and training. We could hardly expect all of the hard-core to come from rural areas since this would not alleviate any of the inner city problems. However, a balance must be found in order to slow the flow of rural workers to the cities.

At present, the JOBS program is a stopgap measure. If the Alliance is continued by the President in 1971 it will have to become a much more sophisticated program. The nation's largest businesses are fully participating with large number of previously hard-core unemployed now working at productive jobs. The task at hand is to gain the cooperation of small businessmen. Unless they can be thoroughly convinced of their social responsibility, the JOBS program will lose its impact.







The JOBS program had one highly beneficial result. Business leaders, labor leaders, and government leaders are well aware of the magnitude of the job to be done if progress is to be made in hiring the hard-core. One could hardly dispute that of the three reforms to solving urban problems - jobs, housing, and education - the most important is jobs. If a man has a meaningful job at a decent wage he will be able to fulfill all his basic needs. We must educate the younger generation who have not passed the educational point of no return. A good job will follow a good education, but for those now unemployed a good job is the first step.

In hypothesis four we cautioned against optimism about long range success of hard-core employment programs unless certain manpower trends were considered. Research revealed a vital need for coordination among efforts at urban renewal and hard-core unemployment. For example, the President's Commission on Urban Housing brought out the need for massive urban rebuilding and rehabilitation projects over the next ten years. The Commission found that a very serious manpower shortage would result among homebuilding occupations during the coming ten year period. Obviously, if we are to rebuild slums then a broad based construction work force is vital. Feedback reports made available by the National Alliance of Businessmen revealed a total of ninety trainees in the construction trades. We must bear in mind that two-thirds of the funds appropriated for training under the Manpower



Training and Development Act are administered by Alliance officials through the JOBS program. Certainly, a much larger percentage of those funds should be used to train more people for work in construction fields. If funds continue to flow through the JOBS program, then some selectivity will be necessary in deciding which skills receive heaviest training emphasis. Presently, no skill discrimination is made.

There must be a recognition that manpower policy should be based on the corresponding economic policy which generates the needed economic and employment growth. Thus, programs to rebuild slums and relocate workers will be wasted if jobs cannot be provided to the people who relocate.

An active program to effectively employ the disadvantaged must also recognize the need for providing a person productive employment in line with his talents and interests. Of course, racial discrimination in educational and employment opportunity must be totally eliminated. In the years to come, emphasis is going to have to be placed on fully integrating all minority groups.

Jobs do not provide a complete solution to our problems of poverty and racial discord in our society. But we have seen that a job is vital to building the spirit every man needs. Hiring the disadvantaged bridges the wide gap between the unemployed and industry. Bridging the gap is a matter of national interest. The economic impact of full employment needs no explanation. We stand to create a measure of prosperity that would make today's affluence seem meager.



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